

# **CARLSBAD TOURISM BUSINESS IMPROVEMENT DISTRICT (CTBID) BOARD**

## ***MINUTES***

**November 13, 2007**

**1:00 p.m.**

**1635 Faraday Avenue, Room 173A  
Carlsbad, CA**

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### **I. CALL TO ORDER:** 1:07 p.m.

Chairperson April Shute called the meeting to order at 1:07 p.m.

### **II. ROLL CALL:**

The Chair took roll call and six Directors were present. Director Vallas was absent. Mr. Paul Edmonson served as General Counsel for Mr. Ron Ball.

### **III. APPROVE MINUTES OF THE SEPTEMBER 25, 2007 MEETING**

Mr. Cima made a motion, seconded by Mr. Stripe, to approve the minutes of the September 25, 2007 meeting.

### **IV. STAFF REPORT**

#### **1) Financial Report**

Mrs. Gerhardt presented a staff report to update the Board members on financial activity that has transpired since the previous meeting. (The PowerPoint slide presentation is attached to these minutes.) She separated the hotel revenue and time share revenue, per a prior request from the Board members.

Assessment revenue collected by the hotels in August and remitted to the City in September was \$82,362. Occupancy rate continues to be 63%. Assessment revenue collected by the hotels in September and remitted to the City in October was \$60,437.

Mrs. Gerhardt highlighted Assessment Revenue comparing 2006 to 2007. 2007 revenue is higher than last year each month, which equates to 4%.

**Action:** Mr. Cima requested including the year-to-date variance between this year and last year in future reports.

Mrs. Gerhardt reported that actual revenues from July 1 through November 7 are \$313,317. Total expenditures are \$254,448. There is \$150,000 in the contingency fund.

Financial Highlights include:

- ♦ CTBID Revenue last 12 months = \$766,000
- ♦ CTBID Revenue for YTD 2007 is tracking 4.3% higher than 2006
- ♦ Average occupancy rate is 62.7% for hotels with revenue for year of \$723,000
- ♦ Average timeshare CTBID revenues is \$3,400 per month
- ♦ Current year contingency = \$150,000
- ♦ Unbudgeted reserves = \$261,000

**ACTION:** For the FY 2008-09 budget, Mr. Cima requested budgeting expenses for each month, and for the four months in the current year, to track how we are doing on the expense side.

2) Board terms expire November 2007 for Mr. Vallas and Ms. Howard-Jones.

Mr. Elliott asked the Board members for names of people who might be able to serve on the board. Interested parties must submit their name to the City Clerk's office; the final decision is made by the City Council. It is typical for the current expired Board members to serve on the Board until their replacements are chosen.

Mr. Cima asked if seven members are required to serve on the Board. Mr. Elliott responded that there can be five and four out of the five must be present at all meetings in order to have a quorum. Approval of agenda items would require four votes.

3) Report findings of how other BIDs are handling funding requests from non-profit organizations and for-profit entities.

Mrs. Gerhardt distributed a summary of all of the California BIDs that have been formed. The summary shows the annual assessment, the BID assessment, programs funded, year approved, petition requirement and the approval mechanism.

She informally surveyed other BIDs to see how they handle funding requests. BIDs surveyed are: City of Lodi, City of Sacramento, City of Huntington Beach, City of Temecula, City of Davis, and the Greater Philadelphia Tourism Marketing Corporation.

Mrs. Gerhardt highlighted the criteria each of these entities required. In summary, there are many different options on how to fund requests. Everyone does it a little differently based on the needs and resources of their jurisdiction. Funding is not limited to not-for-profit entities. Almost all were focused on events that generated overnight stays. It is best to have some sort of guidelines.

Mr. Cima stated he feels the Greater Philadelphia program could be modified to fit Carlsbad and suggested that possibly 5% of the CTBID budget could be designated for such grant and funding requests.

**ACTION:** Upon direction from the Board members, Mrs. Gerhardt will roll the 5% amount into next year's budget for funding requests.

**ACTION:** To establish a formal grant program, based on the Philadelphia model, and include 5% in next year's budget for special requests will be placed on the next meeting agenda for approval.

4) Vision 2010, a community conversation about our future together. Mrs. Gerhardt reported she attended the Vision 2010 meeting hosted by Carlsbad Convention and Visitors Bureau. There were about 30 attendees representing all aspects of Carlsbad tourism, hotels, attractions, other government entities, etc. The facilitator was Strategic Marketing Group that is based in South Lake Tahoe. They specialize in tourism, recreation and hospitality. The outcome for the day was a list of goals for the next three years in order of priority: 1) cooperative alignment with other tourism related groups including CTBID, SDNCVB, Carlsbad Chamber of Commerce, City of Carlsbad, and the Carlsbad Village Business Association; 2) improve internal communication and education; 3) funding; and 4) marketing, branding and promotion.

In order to accomplish the first goal of cooperative alignment, Convis would like to get everyone together from each of the groups identified to clearly identify roles and responsibilities as it relates to Carlsbad tourism in a town hall type meeting that would be led by a facilitator. They suggested that the CTBID Board spearhead this type of effort. Mr. Kurt Burkhart, Executive Director of Convis, added they would like more interaction and cohesive direction so that the group would work together. A report will be released within the next two to three weeks and the CTBID Board members will receive a copy.

## **V. DISCUSSION ITEMS**

1) Board consider scheduling standing meetings once or twice a year. Mr. Elliott explained that all Boards and Commissions of the City should have at least one standing meeting per year that would be placed on the City calendar. Mr. Ball had previously mentioned holding at least one annual meeting.

**ACTION:** The date for the standing meeting will be the third Tuesday in May to review the new fiscal year budget. That meeting will be May 20, 2008 at 1:00 p.m. The location will be announced at a later date.

2) Discussion on process to change the \$1 per room night assessment. General Counsel Paul Edmonson stated that the City Council can modify BID assessment by adopting an ordinance after holding a public hearing on the proposed modification. To begin, the City Council must first adopt a resolution, by majority vote, for the assessment in whatever dollar amount sought by the CTBID Board. Following the Council meeting approving the resolution, a Public Hearing meeting date is scheduled whereby each business owner subject to the assessment and each business owner which will be subject to the assessment would have an opportunity to voice their opinions/protests. Once the initial resolution is adopted, the public hearing must be scheduled within 20 days and not more than 30 days. In the event the business community would write a protest letter and greater than 50% was received by the City Council, the matter would be defeated and not subject to reconsideration for one year. The entire process takes approximately 90 days.

Chair Shute expressed that she is not interested in pursuing an increase to the assessment. Mr. Canepa added that the Board would need to present a proposal describing how additional monies would be spent.

On another matter, Mr. Canepa stated at a prior meeting Mr. Becerra had suggested an idea of hiring a retired former director of a convention and visitors bureau to serve as a staff director to assist the CTBID Board. As this is a personnel matter, the Board members decided to hold a closed executive session meeting on December 4, 2007, at the Four Seasons Aviara Resort, from 12:00 p.m. to 2:00 p.m. to explore the possibility of hiring a managing director. At the conclusion of the meeting, the Board must report out their action, i.e. the Board will consider this further, or the Board directed staff to return with additional information.

Mr. Edmonson cautioned the Board members that as a member of a Board, they are sitting as a legislative body. In that capacity, under the Brown Act they have the ability to discuss matters in closed session. However, disclosing information discussed in closed session to anyone outside of closed session (e.g. talking to the media or to other people) would be a violation of the law and it is a misdemeanor. The County District Attorney would decide whether or not to charge the violator with a crime.

#### Continue Discussion on Positioning Study

- 1) Choose brand/name from positioning study suggestions
  - a) Conduct search to see if the name "The Friendliest Beach Town in California" has been used elsewhere
  - b) Discuss the naming legal rights of Choice #1, "The Friendliest Beach Town in California"

Mr. Edmonson reported:

- ♦ the City has the ability to hold a trademark
- ♦ the name "The Friendliest Beach Town in California" is not taken and could be used by the City and this Board
- ♦ the process to obtain a trademark is involved and takes a lot of time, at least 9 months to one year
- ♦ the name needs to identify goods or services that the City and this organization provides
- ♦ the name "The Friendliest Beach Town in California" is very general and generic
- ♦ it would be difficult to acquire trademark rights for Carlsbad known as "The Friendliest Beach Town in California"
- ♦ trademark allows exclusivity in designated classes
- ♦ City Attorney's office can go forward and register it, but Mr. Edmonson suggested adding "Carlsbad: The Friendliest Beach Town in California"
- ♦ establish a use to see how we have marketed ourselves, i.e. T-shirts, literature and when people read it they know it is associated with the City
- ♦ another option is to specify intent to use the name, but keep it confidential until the Board is ready to splash the brand publicly. However, a competitor may get to the trademark office first and will tie up the name.

Mr. Edmonson suggested the Board members act quickly and submit the application to the trademark office. There may be a conflict with the words "Beach Town" as several businesses currently use that logo. The filing fee for the Intent to Use is \$335 per class. Be careful with being generic and fanciful.

Chair Shute needed to leave the meeting and Vice Chair Stripe chaired the remainder of the meeting.

**ACTION:** Mr. Stripe asked Mr. Edmonson to develop the most expedient option for the Board to move forward with an "Intent to Use" filing and direct staff to include "Carlsbad: The Friendliest Beach Town in California." (NOTE: due to discussion noted below, this is on hold in light of CVB concerns whether the name is creative and appropriate branding.)

2) Feedback from hotel properties and contractors.

Mrs. Gerhardt distributed the Positioning Study Feedback document to the Board members. Copies of the Positioning Study Reports were mailed to all CTBID members on September 28, 2007 asking for their feedback. She received four written comments that are included in the Feedback report. She attempted to hold an informal meeting via the lodging association, but due to the fires it was cancelled. Members were encouraged to attend the meeting today to give their feedback verbally.

Both of the local Convention and Visitors Bureaus responded. Mr. Cima stated he liked the approach and suggestions of the San Diego North CVB. The December 4 closed session may be a forum where this could be discussed. He noted his appreciation for the time the four people took to provide their observations.

Ms. Cami Mattson, President & CEO, San Diego North CVB, stated she feels that the "Friendliest Beach Town in California" is not creative. It is a positioning point and should not be used exclusively as a tag. Before the Board spends money to trademark, there may be an opportunity for something very creative to make it pop.

Mr. Kurt Burkhart, Executive Director, Carlsbad CVB, distributed copies of a visitor guide survey the Bureau conducted. The people who responded had requested a visitor guide on line during the first nine months of 2007.

Mr. Elliott suggested that the Board members choose an executive committee to discuss multiple name possibilities. Mr. Becerra suggested the Board wait until after the December 4 closed session meeting discussing personnel matters to see what direction the Board wishes to pursue.

**ACTION:** Next Regular Meeting Agenda: Choose a sub-committee group to discuss multiple name possibilities.

## **VI. NEXT MEETING**

The next regular meeting date will be scheduled following the December 4 closed session.

**Action:** Agenda items may include:

- 1) choose sub-committee group to attend a closed study session to discuss multiple name possibilities
- 2) Consent items: Standing meetings; and San Diego North CVB Quarterly Report

## **ADJOURNMENT**

Mr. Cima made a motion, seconded by Mr. Stripe, to adjourn the meeting. Vice Chair Stripe adjourned the meeting at 2:44 p.m.

Respectfully submitted,

Sheryl Keller  
Recording Secretary

# **Carlsbad Tourism Business Improvement District**

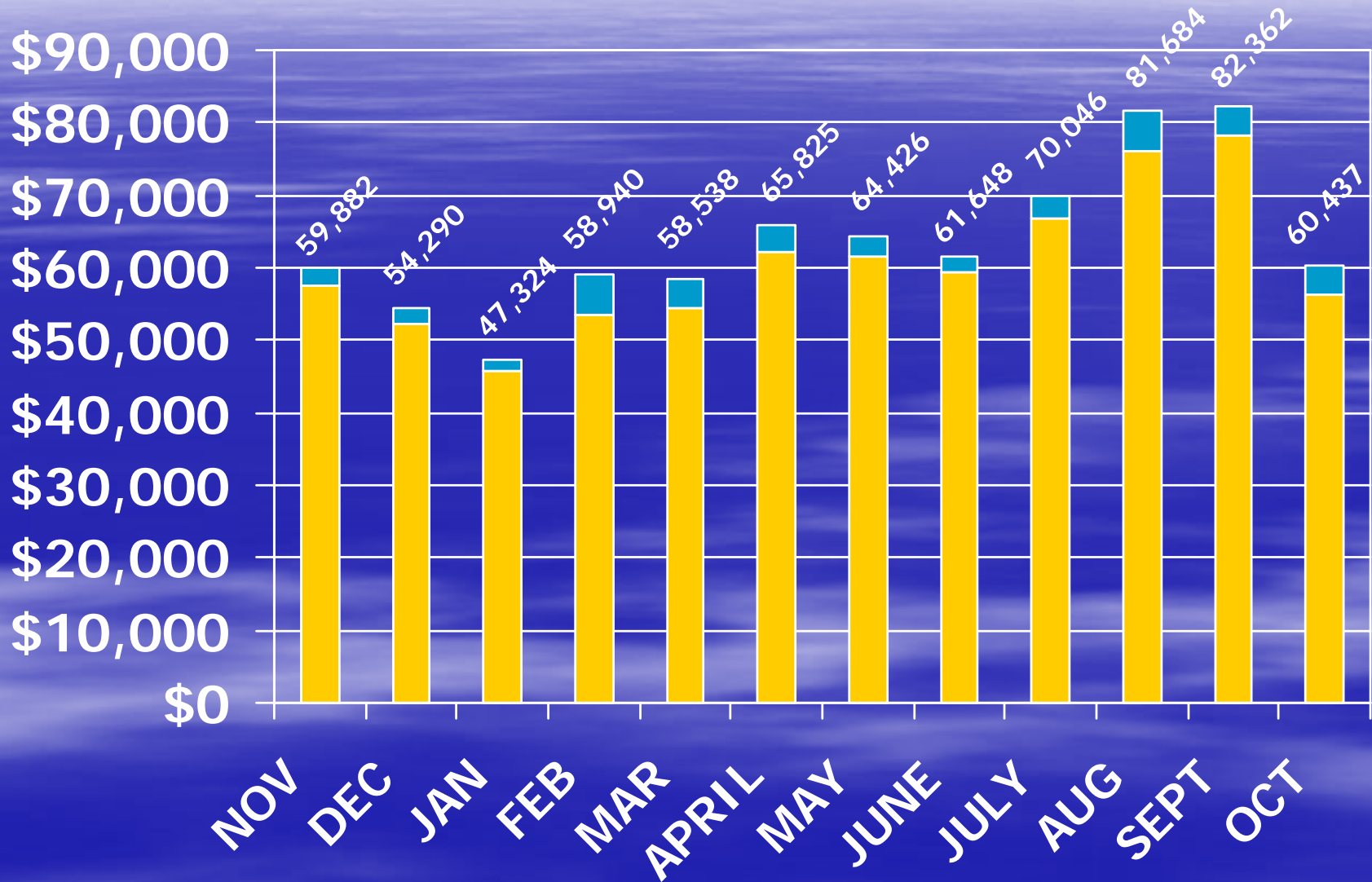
## **Financial Update**

By: Cheryl Gerhardt

November 13, 2007

# CTBID Assessment Revenue

12 month period



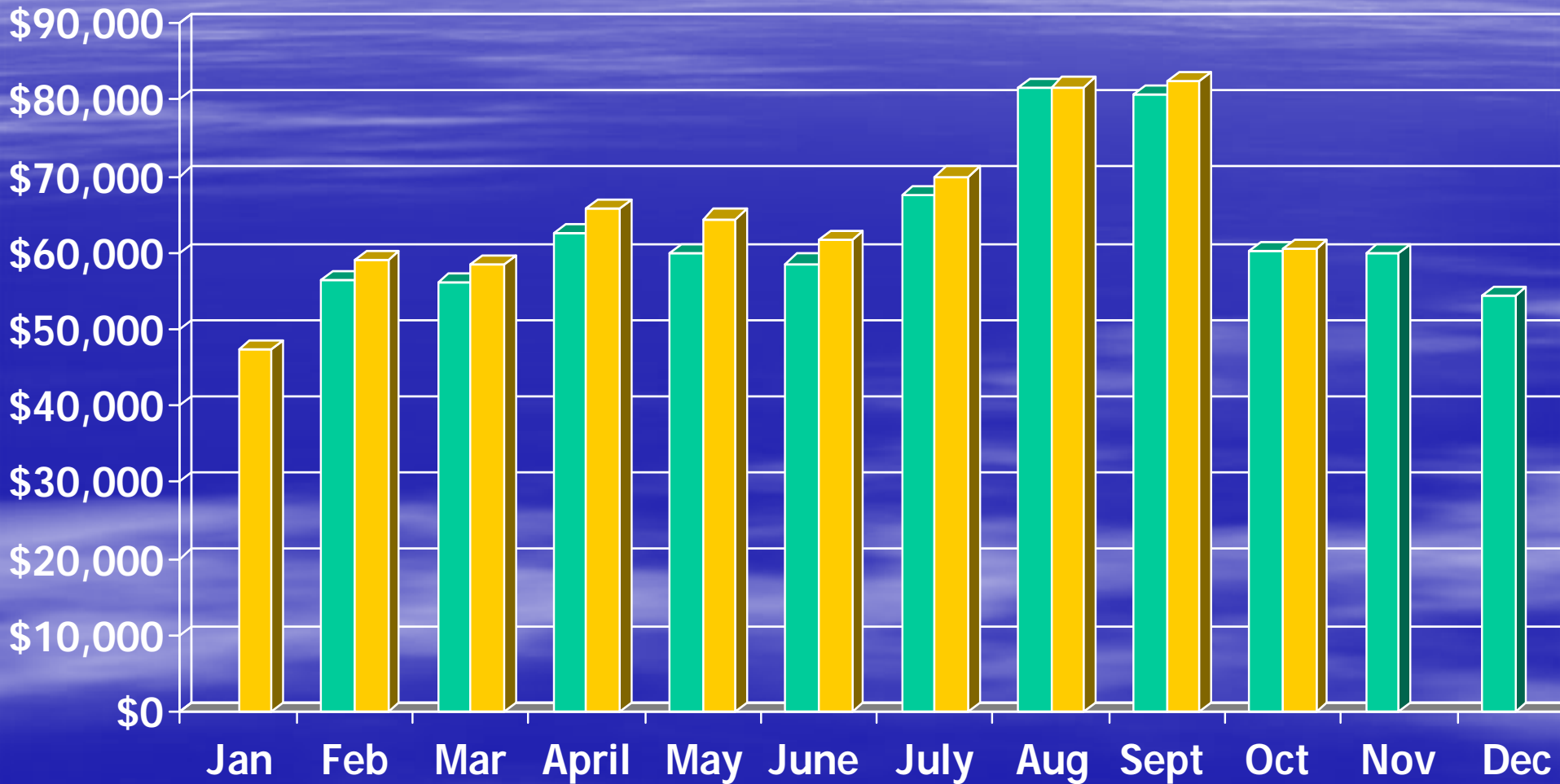
Month revenue remitted

Ave occupancy rate 63%



# CTBID Assessment Revenue

21 month period



2006 2007

Month revenue remitted

Ave occupancy rate 63%

# 2007-08 Budget to Actual

Program Areas	Budget	Actual 7-Nov-07	Difference
<u>Revenues:</u>			
CTBID Assessment	775,000	313,317	461,683
Interest Earnings	5,000	5,848	(848)
Total Estimated Revenues	780,000	319,165	460,835
<u>Expenditures:</u>			
2% Administrative Fee - City	15,500	6,137	9,363
CCVB Contract	448,800	149,600	299,200
SDNCVB Contract	110,000	36,666	73,333
Staff support	15,000	3,527	11,473
Positioning Study	61,000	58,518	2,482
Contingency	150,000	0	150,000
Total Expenses	800,300	254,448	545,851

# Financial Highlights

- CTBID Revenue last 12 months \$766K
- CTBID Revenue for YTD 2007 is tracking 4.3% higher than 2006
- Average occupancy rate 62.7% for hotels with revenue for year of \$725K
- Average timeshare CTBID revenue \$3,400/mo
- Current year contingency \$150,000
- Unbudgeted reserves \$261,000

# CTBID Board Terms

- April Shute (*La Costa*) – No term limit
- Robert Cima (*Four Seasons*) – No term limit
- Tim Stripe (*Grand Pacific*) – No term limit
- Ted Vallis (*Olympic Resort*) – term exp. 11/07
- Barbara Howard-Jones (*Best Western*) – term expires 11/07
- Bill Canepa (*Hilton Garden Inn*) – term exp. 11/09
- Hector Becerra (*Holiday Inn*) - term exp. 11/09

# Funding Requests

- Informally surveyed other BID's to see how they handle Funding Requests
- BIDs surveyed
  - City of Lodi
  - City of Sacramento
  - Cit of Huntington Beach
  - City of Temecula
  - City of Davis
  - Greater Philadelphia Tourism Marketing Corp.



# City of Lodi

- They promote all events in the City
- They have not received any requests for funding

# City of Sacramento

- All BID \$ goes to the CVB
- BID board reviews CVB marketing plan which may include funding to events which is analyzed on a case by case basis

# City of Huntington Beach

- They have a small amount of grants that go to outside entities
- Grants are given on a case by case basis
  - Funding is for marketing above and beyond normal marketing
  - Marketing must be done to out of town visitors
  - Grants are matching (shared cost)

# City of Temecula

- They do the marketing for the special events
- Must be “signature events”
- Must generate overnight stays
- Attendance must be above a certain number
- Event should have activities for for more than one day
- They don't give money but may pay for a specific cost



# City of Davis

- They provide sponsorships for events:
  - Located Downtown
  - Arts and Entertainment focused
  - Youth, Sports, furthers recycling events
  - Generates room nights
- Sponsorship provided through in-kind services or direct payment of a specific cost

# Greater Philadelphia Tourism Marketing Corporation

- Formal Grant program
  - Set amount of \$ set aside each year
  - Specific eligibility requirements (including 501(c)(3) status
  - Application process
  - Review of applications by committee
  - Board approves final grant recipients

# Funding Requests

- Summary

- Many different options on how to fund requests
- Everyone does it a little differently based on the needs and resources of their jurisdiction
- Not limited to not for profit entities
- Almost all focused on events that generated over night stays
- Best to have some sort of guidelines

**Vision 2010, a  
community conversation  
about our future together**

# Positioning Study Feedback

- Copies of Positioning Study Reports mailed out to all CTBID members on 9/28 asking for their feedback
- 4 written comments received
- Attempted to hold an informal meeting via lodging association but due to fires it was cancelled
- Members encouraged to come to meeting today to give their feedback verbally